

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

----- X
In re : Chapter 11 Case No.
 :
LEHMAN BROTHERS HOLDINGS INC., *et al.*, : 08-13555 (JMP)
 :
Debtors. : (Jointly Administered)
 :
----- X

**COVER PAGES FOR THE FINAL APPLICATION OF ERNST & YOUNG LLP
FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED
AND FOR REIMBURSEMENT OF EXPENSES AS AUDITORS AND TAX SERVICES
PROVIDERS TO THE DEBTORS AND DEBTORS-IN-POSSESSION
FOR THE PERIOD FROM SEPTEMBER 15, 2008 THROUGH MARCH 6, 2012**

Name of Applicant: Ernst & Young LLP

Authorized to Provide Professional Services to: The above-captioned debtors and debtors-in-possession

Date of Retention: January 15, 2009, nunc pro tunc to September 15, 2008

Period for which compensation and reimbursement are sought: September 15, 2008 through March 6, 2012

Amount of Compensation sought as actual, reasonable, and necessary: \$1,777,338.63

Amount of Expense Reimbursement sought as actual, reasonable, and necessary: \$352.00

This is a(n): ___ monthly ___ interim x final application

Prior Monthly Fee Statements:

| Date | Period Covered | Fees | Expenses |
|-------------------|--|--------------|-----------------|
| March 3, 2009 | September 15, 2008 through January 31, 2009 | \$552,700.00 | \$0.00 |
| March 31, 2009 | February 1, 2009 through February 28, 2009 | \$39,315.00 | \$0.00 |
| May 22, 2009 | March 1, 2009 through March 31, 2009 | \$146,212.60 | \$0.00 |
| June 19, 2009 | April 1, 2009 through April 30, 2009 | \$340,963.50 | \$0.00 |
| June 30, 2009 | May 1, 2009 through May 31, 2009 | \$156,483.40 | \$0.00 |
| August 13, 2009 | June 1, 2009 through June 30, 2009 | \$91,227.30 | \$0.00 |
| September 1, 2009 | July 1, 2009 through July 31, 2009 | \$53,602.70 | \$0.00 |
| October 19, 2009 | August 1, 2009 through August 31, 2009 | \$75,081.60 | \$0.00 |
| December 1, 2009 | September 1, 2009 through September 30, 2009 | \$17,731.50 | \$0.00 |
| December 18, 2009 | October 1, 2009 through October 31, 2009 | \$16,182.00 | \$0.00 |
| January 15, 2010 | November 1, 2009 through November 30, 2009 | \$37,020.90 | \$0.00 |
| March 9, 2010 | December 1, 2009 through December 31, 2009 | \$38,734.20 | \$0.00 |
| March 26, 2010 | January 1, 2010 through January 31, 2010 | \$36,122.80 | \$0.00 |

| | | | |
|--------------------|--|--------------|----------|
| March 31, 2010 | February 1, 2010 through February 28, 2010 | \$6,925.40 | \$0.00 |
| April 23, 2010 | March 1, 2010 through March 31, 2010 | \$7,714.10 | \$0.00 |
| July 23, 2010 | May 1, 2010 through May 31, 2010 | \$10,444.00 | \$0.00 |
| August 20, 2010 | June 1, 2010 through June 30, 2010 | \$1,782.90 | \$0.00 |
| October 6, 2010 | August 1, 2010 through August 31, 2010 | \$2,090.60 | \$0.00 |
| October 29, 2010 | September 1, 2010 through September 30, 2010 | \$1,457.00 | \$0.00 |
| July 8, 2011 | April 1, 2011 through May 31, 2011 | \$3,875.00 | \$0.00 |
| September 13, 2011 | July 1, 2011 through July 31, 2011 | \$8,953.20 | \$0.00 |
| November 3, 2011 | August 1, 2011 through September 30, 2011 | \$9,844.40 | \$0.00 |
| December 21, 2011 | October 1, 2011 through October 31, 2011 | \$22,940.50 | \$0.00 |
| January 31, 2012 | July 18, 2011 through December 31, 2011 | \$100,000.00 | \$352.00 |

COMPENSATION BY PROFESSIONAL
SEPTEMBER 15, 2008 THROUGH MARCH 6, 2012

WORK PERFORMED ON HOURLY BILLING BASIS:

| Last Name | First Name | Title | Fees | Total Hours Billed | Hourly Billing Rate |
|------------|--------------------|--------------------|--------------|--------------------|---------------------|
| Benko | Beth M. | Partner | \$660.00 | 0.8 | \$825 |
| Blank | Jacob M. | Partner | \$80,047.50 | 97.5 | \$821 |
| DeRosa | John A. | Partner | \$7,316.40 | 9.1 | \$804 |
| DeRosa | John A. | Partner | \$18,859.80 | 25.8 | \$731 |
| Gall | Fraser | Partner | \$700.00 | 1.0 | \$700 |
| Garlock | David C. | Partner | \$5,829.10 | 7.1 | \$821 |
| Getty | Christopher Edward | Partner | \$4,345.00 | 5.5 | \$790 |
| Goodman | Edward M. | Partner | \$2,054.00 | 2.6 | \$790 |
| Gotlinger | Jeffrey B. | Partner | \$28,050.00 | 34.0 | \$825 |
| Gotlinger | Jeffrey B. | Partner | \$69,543.50 | 84.5 | \$823 |
| Gotlinger | Jeffrey B. | Partner | \$6,568.00 | 8.0 | \$821 |
| Green | Philip L. | Partner | \$38,763.30 | 47.1 | \$823 |
| Gruner | Gerard | Partner | \$1,264.00 | 1.6 | \$790 |
| Hansen | Hillary | Partner | \$1,540.00 | 2.2 | \$700 |
| Hornecker | Peter L. | Partner | \$160.00 | 0.2 | \$800 |
| Hornecker | Peter L. | Partner | \$1,501.00 | 1.9 | \$790 |
| Jacobs | Donald P. | Partner | \$4,950.00 | 6.0 | \$825 |
| Levy | Marc D. | Partner | \$825.00 | 1.0 | \$825 |
| Mason | Robert J. | Partner | \$179,306.40 | 218.4 | \$821 |
| Meisler | Michael A. | Partner | \$329.20 | 0.4 | \$823 |
| Mesler | Mark S. | Partner | \$365.00 | 0.5 | \$730 |
| Moncrieff | Robert D. | Partner | \$3,681.60 | 4.8 | \$767 |
| Munro Jr. | Alan B. | Partner | \$1,237.50 | 1.5 | \$825 |
| Ohmes | Chris | Partner | \$1,538.00 | 2.0 | \$769 |
| Rabinowitz | Howard | Partner | \$770.00 | 1.1 | \$700 |
| Schlich | William | Partner | \$4,410.00 | 6.3 | \$700 |
| Stroud | Paul | Partner | \$770.00 | 1.1 | \$700 |
| Thrope | David N. | Partner | \$237.00 | 0.3 | \$790 |
| Tucker | Howard J. | Partner | \$13,628.60 | 16.6 | \$821 |
| Tucker | Howard J. | Partner | \$71,209.40 | 92.6 | \$769 |
| Blum | Matthew S. | Executive Director | \$13,528.00 | 17.8 | \$760 |
| Donadio | Anthony J. | Executive Director | \$18,627.60 | 25.8 | \$722 |
| Flagg | Nancy A. | Executive Director | \$2,346.10 | 2.9 | \$809 |
| Inglis | Kim | Executive Director | \$350.00 | 0.5 | \$700 |
| Johnson | Scott A. | Executive Director | \$1,368.00 | 1.8 | \$760 |
| Lambert | Karen | Executive Director | \$41,707.70 | 56.9 | \$733 |
| Lambert | Karen | Executive Director | \$34,986.00 | 47.6 | \$735 |
| Messing | Daniel P. | Executive Director | \$288.80 | 0.4 | \$722 |

| Last Name | First Name | Title | Fees | Total Hours Billed | Hourly Billing Rate |
|----------------|-----------------|---------------------------|--------------|--------------------|---------------------|
| Ryan | Karen | Executive Director | \$41,876.00 | 58.0 | \$722 |
| Stern | Richard W. | Executive Director | \$2,940.60 | 3.9 | \$754 |
| Mason | Robert J. | Administrative Contractor | \$3,284.00 | 4.0 | \$821 |
| Berger | Shimon | Senior Manager | \$138,407.50 | 192.5 | \$719 |
| Blakely | Coleen | Senior Manager | \$7,909.00 | 11.0 | \$719 |
| Calabrese | Anthony | Senior Manager | \$31,682.50 | 43.7 | \$725 |
| Calabrese | Anthony | Senior Manager | \$575.20 | 0.8 | \$719 |
| Coony | Thomas Edmund | Senior Manager | \$862.80 | 1.2 | \$719 |
| Erickson | Karen M. | Senior Manager | \$5,772.80 | 8.8 | \$656 |
| Feehan | Joseph R. | Senior Manager | \$8,462.40 | 12.9 | \$656 |
| Flagg | Nancy A. | Senior Manager | \$3,290.00 | 4.7 | \$700 |
| Flagg | Nancy A. | Senior Manager | \$4,132.80 | 6.3 | \$656 |
| Gengler | Charles J. | Senior Manager | \$12,726.30 | 17.7 | \$719 |
| Gengler | Charles J. | Senior Manager | \$8,120.00 | 11.6 | \$700 |
| Gengler | Charles J. | Senior Manager | \$10,140.00 | 15.6 | \$650 |
| Godfrey | Van A. | Senior Manager | \$14,555.00 | 20.5 | \$710 |
| Godfrey | Van A. | Senior Manager | \$21,713.60 | 33.1 | \$656 |
| Gruber | Angela Hellard | Senior Manager | \$2,157.00 | 3.0 | \$719 |
| Gruner | Gerard | Senior Manager | \$43,395.00 | 78.9 | \$550 |
| Gruner | Gerard | Senior Manager | \$22,400.00 | 44.8 | \$500 |
| Harvey | Elizabeth R. | Senior Manger | \$9,512.00 | 14.5 | \$656 |
| Joire | Lisa S. | Senior Manager | \$710.00 | 1.0 | \$710 |
| Joire | Lisa S. | Senior Manager | \$60,548.80 | 92.3 | \$656 |
| Levy | Scott D. | Senior Manager | \$1,829.00 | 3.1 | \$590 |
| Li | Jun | Senior Manager | \$2,827.50 | 3.9 | \$725 |
| O'Brien | Justin | Senior Manager | \$2,660.30 | 3.7 | \$719 |
| Smith | Haley Christine | Senior Manager | \$359.50 | 0.5 | \$719 |
| Wood | D. Mark | Senior Manager | \$600.00 | 1.0 | \$600 |
| Ampanas | Maclar | Manager | \$20,187.50 | 47.5 | \$425 |
| Carter | Misty | Manager | \$45,644.70 | 69.9 | \$653 |
| Constantinesco | Nicholas | Manager | \$425.00 | 1.0 | \$425 |
| Defoort | Olivia | Manager | \$2,755.20 | 4.1 | \$672 |
| Dunkin | Jared Ian | Manager | \$1,975.40 | 3.4 | \$581 |
| Hansen | Sandra Luz | Manager | \$488.00 | 1.0 | \$488 |
| Messner | Karen S. | Manager | \$1,142.40 | 1.7 | \$672 |
| Miller | Hisako | Manager | \$3,069.10 | 4.7 | \$653 |
| Prasad | Santosh | Manager | \$30,485.00 | 46.9 | \$650 |
| Zafiridis | Stavros S. | Manager | \$15,600.00 | 31.2 | \$500 |
| Zafiridis | Stavros S. | Manager | \$93,542.50 | 220.1 | \$425 |
| Aldridge | Frank Stuckey | Senior | \$13,275.00 | 53.1 | \$250 |
| Boudreau | Alfred | Senior | \$1,192.80 | 2.8 | \$426 |
| Campbell | Alastair | Senior | \$1,278.90 | 2.9 | \$441 |
| Carter | Misty | Senior | \$66,099.60 | 170.8 | \$387 |
| Christianson | Tonya Lynn | Senior | \$646.50 | 1.5 | \$431 |

| Last Name | First Name | Title | Fees | Total Hours Billed | Hourly Billing Rate |
|----------------|--------------------|--------------|-----------------------|--------------------|---------------------|
| Croteau | Sean | Senior | \$121,401.90 | 313.7 | \$387 |
| Darger | Stanford Peterson | Senior | \$5,435.60 | 12.7 | \$428 |
| Elacqua | Amelia | Senior | \$856.00 | 2.0 | \$428 |
| Ferris | Grant Maxwell | Senior | \$1,006.20 | 2.6 | \$387 |
| Hobbs | Barbara T. | Senior | \$1,926.00 | 4.5 | \$428 |
| Hyndman | Michele | Senior | \$5,559.90 | 12.9 | \$431 |
| Iwanami | Ryutaro | Senior | \$21,000.00 | 84.0 | \$250 |
| Kapios | Patrick | Senior | \$4,837.50 | 12.5 | \$387 |
| Kumar | Sudeep B. | Senior | \$7,336.70 | 22.3 | \$329 |
| Marengo | Elias D. | Senior | \$387.00 | 1.0 | \$387 |
| McClay | Nicholas K. | Senior | \$75.00 | 0.3 | \$250 |
| Netram | Christopher | Senior | \$4,310.00 | 10.0 | \$431 |
| Persaud | Lemar | Senior | \$12,083.00 | 56.2 | \$215 |
| Persaud | Lemar | Senior | \$2,819.40 | 12.7 | \$222 |
| Radomyslsky | Roman S. | Senior | \$2,902.50 | 7.5 | \$387 |
| Rodda | Caroline Antonia | Senior | \$1,025.00 | 4.1 | \$250 |
| Scanlon | Gary R. | Senior | \$3,318.70 | 7.7 | \$431 |
| Schwartz | Jason D. | Senior | \$2,900.00 | 11.6 | \$250 |
| Wych Jr. | Walter J. | Senior | \$4,032.00 | 25.2 | \$160 |
| Bhatti | Shiraz A. | Staff | \$26,848.00 | 167.8 | \$160 |
| Bukauskaite | Migle | Staff | \$1,840.00 | 11.5 | \$160 |
| Conroy | Sean Patric | Staff | \$584.00 | 2.0 | \$292 |
| Cuevas-Ramirez | Audy | Staff | \$5,120.00 | 32.0 | \$160 |
| Gopalaiah | Nagaraj | Staff | \$320.00 | 2.0 | \$160 |
| Horwitz | Erica Diane | Staff | \$464.00 | 2.9 | \$160 |
| Kumar | Madaboeyini Vijaya | Staff | \$1,680.00 | 10.5 | \$160 |
| Li | Wei | Staff | \$1,520.00 | 9.5 | \$160 |
| Lord | Akila | Staff | \$2,240.00 | 14.0 | \$160 |
| Lord | Akila | Staff | \$903.00 | 4.3 | \$210 |
| Lord | Akila | Staff | \$1,630.20 | 6.6 | \$247 |
| McGovern | Dennis Gerard | Staff | \$1,024.00 | 6.4 | \$160 |
| Rao | Deepa | Staff | \$1,280.00 | 8.0 | \$160 |
| Spallone | Joseph A. | Staff | \$1,752.00 | 6.0 | \$292 |
| Su | Richard W. | Staff | \$3,329.20 | 20.3 | \$164 |
| Sun | Amy | Staff | \$4,512.00 | 28.2 | \$160 |
| Sutherland | Stephanie L. | Staff | \$2,000.00 | 12.5 | \$160 |
| Talluri | Swathi | Staff | \$1,170.00 | 6.5 | \$180 |
| Wu | Ruijuan | Staff | \$2,208.00 | 13.8 | \$160 |
| | | | | | |
| | | Total | \$1,688,555.50 | 3,159.1 | |

FIXED FEE FOR THE BENEFIT PLAN AUDIT:

| Last Name | First Name | Title | Total Hours Billed |
|-----------|------------|--------------------|---------------------|
| Restivo | Salvatore | Partner | 34.8 |
| Seedorf | Danny | Manager | 81.0 |
| McManus | Timothy | Senior | 478.7 |
| Zimmer | Mike | Staff | 118.6 |
| | | | |
| | | Total Hours | 713.1 |
| | | Total Fee | \$100,000.00 |

| | |
|---|-----------------------|
| Initial Compensation Requested | \$1,788,555.50 |
| <u>Less Fee Committee Disputed Fees</u> | <u>(\$11,216.87)</u> |
| Total Compensation Requested | \$1,777,338.63 |
| Total Hours | 3,872.3 |
| Blended Rate Per Hour | \$458.99 |

COMPENSATION BY PROJECT CATEGORY
SEPTEMBER 15, 2008 THROUGH MARCH 6, 2012

| Project Category | Total Hours | Total Fees |
|----------------------------------|----------------|-----------------------|
| Audit of the Debtors | 157.9 | \$86,620.00 |
| Tax Services | 2,239.2 | \$1,382,195.50 |
| Benefit Plan Audit | 713.1 | \$100,000.00 |
| Fee/Employment Applications | 762.1 | \$219,740.00 |
| Subtotal | 3,872.3 | \$1,788,555.50 |
| Less Fee Committee Disputed Fees | | (\$11,216.87) |
| TOTAL: | 3,872.3 | \$1,777,338.63 |

EXPENSE SUMMARY
SEPTEMBER 15, 2008 THROUGH MARCH 6, 2012

| Expense Category | Total Expenses |
|-------------------------|-----------------------|
| Duplication | \$352.00 |
| TOTAL | \$352.00 |

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

| | |
|--|--------------------------|
| ----- | X |
| In re | : Chapter 11 Case No. |
| | : |
| LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> , | : 08-13555 (JMP) |
| | : |
| Debtors. | : (Jointly Administered) |
| | : |
| ----- | X |

**FINAL APPLICATION OF ERNST & YOUNG LLP
FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED
AND FOR REIMBURSEMENT OF EXPENSES AS AUDITORS AND TAX SERVICES
PROVIDERS TO THE DEBTORS AND DEBTORS-IN-POSSESSION
FOR THE PERIOD FROM SEPTEMBER 15, 2008 THROUGH MARCH 6, 2012**

Pursuant to section 330 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the *Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals* (Docket No. 1388) (the “Compensation Order”), Ernst & Young LLP (“E&Y”) hereby files this *Final Application for Allowance of Compensation for Services Rendered and for Reimbursement of Expenses as Auditors and Tax Services Providers to the Debtors and Debtors-in-Possession for the Period from September 15, 2008 through March 6, 2012* (this “Application”). By this Application, E&Y seeks final allowance and payment of \$1,777,338.63 as compensation and \$352.00 as reimbursement of actual and necessary expenses for the period from September 15, 2008 through March 6, 2012 (the “Compensation Period”). In support of this Application, E&Y respectfully represents as follows:

Background

1. On September 15, 2008 (the “Petition Date”), the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

2. E&Y was retained effective as of the Petition Date by this Court’s Order dated January 15, 2009 (Docket No. 2547). This Court also entered an order dated November 4, 2011, authorizing the Debtors to retain E&Y to perform an audit of the Lehman Brothers Benefit Plan.

3. By order dated December 6, 2011, this Court confirmed the *Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and Its Affiliated Debtors* dated December 5, 2011. That plan became effective on March 6, 2012.

4. During these chapter 11 cases, E&Y filed interim fee applications, as shown in the table below (collectively, the “Interim Fee Applications”). The exhibits to each of the Interim Fee Applications contain the time entry and expense detail during the Compensation Period. E&Y respectfully refers this Court and parties in interest to the exhibits to the Interim Fee Applications for the detailed time entries of its professionals and its expense detail.

| Fee Application and Docket Number | Date of Order Approving Fee Application, and Docket Number | Amount of Fees and Expenses Requested | Amount of Fees and Expenses Approved (Including Holdback Amounts)¹ |
|---|---|--|--|
| First Interim Application, dated April 10, 2009 (Docket No. 3331) | August 13, 2009 (Docket No. 4795) | \$552,700.00 | \$552,700.00 |

¹ The amounts in this column also include any fees held back pursuant to the applicable interim fee orders.

| Fee Application and Docket Number | Date of Order Approving Fee Application, and Docket Number | Amount of Fees and Expenses Requested | Amount of Fees and Expenses Approved (Including Holdback Amounts)¹ |
|--|---|--|--|
| Second Interim Application, dated July 17, 2009 (Docket No. 4441) | September 25, 2009 (Docket Nos. 5274, 8204) | \$682,974.50 | \$682,974.50 |
| Third Interim Application, dated December 14, 2009 (Docket No. 6167) | April 9, 2010 (Docket No. 8211) | \$237,643.10 | \$228,938.53 ² |
| Fourth Interim Application, dated March 16, 2010 (Docket No. 7604) | September 9, 2010 (Docket No. 11237) | \$126,459.90 | \$125,297.00 ³ |
| Fifth Interim Application, dated July 23, 2010 (Docket No. 10393) | May 19, 2011 (Docket No. 16972) | \$25,083.50 | \$23,734.10 ⁴ |
| Sixth Interim Application, dated November 1, 2010 (Docket No. 12466) | November 10, 2011 (Docket No. 21937) | \$5,330.10 | \$5,330.10 |

² In the Fee Committee Report Pertaining to the Third Interim Fee Applications of All Retained Professionals, dated March 10, 2010 (Docket No. 7498), the Fee Committee a fee reduction of \$8,704.57. This Court's interim fee order reduced E&Y's allowed fee by that amount. E&Y is not requesting allowance or payment of the \$8,704.57 in this Application.

³ In the Fee Committee Report Pertaining to the Third Interim Fee Applications of All Retained Professionals, dated August 20, 2010 (Docket No. 10947), the Fee Committee a fee reduction of \$1,162.90. This Court's interim fee order reduced E&Y's allowed fee by that amount. E&Y is not requesting allowance or payment of the \$1,162.90 in this Application.

⁴ This Court's interim fee order reduced E&Y's allowed fee by \$1,349.40 in connection with the Fee Committee's recommended deductions. E&Y is not requesting allowance or payment of the \$1,349.40 in this Application.

| Fee Application and Docket Number | Date of Order Approving Fee Application, and Docket Number | Amount of Fees and Expenses Requested | Amount of Fees and Expenses Approved (Including Holdback Amounts)¹ |
|--|---|--|--|
| Seventh Interim Application | None filed | N/A | N/A |
| Eighth Interim Application, dated August 12, 2011 (Docket No. 19213) | April 11, 2012 (Docket No. 27321) | \$3,875.00 | \$3,875.00 |
| Ninth Interim Application, dated December 9, 2011 (Docket No. 23175) | June 29, 2012 (Docket No. 29152) | \$18,797.60 | \$18,797.60 |
| Tenth Interim Application, dated May 21, 2012 (Docket No. 27990) | Pending | \$135,135.50 Expenses: \$352.00 | Pending |

5. As noted in footnotes 2, 3 and 4 of this Application, E&Y's interim allowed fees were reduced by a total of \$11,216.87 in this Court's previous interim fee orders. E&Y is not seeking allowance or payment of that \$11,216.87 in this Application, and the fees requested herein exclude that amount.

Compensation Paid and Its Source

6. All services for which compensation is requested by E&Y hereunder were performed for or on behalf of the Debtors. E&Y has received no payment and no promises for payment from any source other than the Debtors for services rendered or to be rendered by E&Y. To the extent required by section 504 of the Bankruptcy Code, there is no agreement or

understanding between E&Y and any other person other than the partners and employees of E&Y for the sharing of compensation to be received for services rendered in these cases.

Summary of Services By Project

7. The services rendered by E&Y during the Compensation Period can be grouped into the categories set forth below. E&Y respectfully refers this Court and parties in interest to the exhibits to the Interim Fee Applications for the detailed time entries of its professionals and its expense detail.

A. Audit of the Debtors

Fees: \$86,620.00;⁵ Total Hours: 157.9

This category includes all matters related to the provision of audit and audit-related services to the Debtors, including the provision of advisory services and the review and analysis of regulatory and other filings.

B. Tax Services

Fees: \$1,382,195.50; Total Hours: 2,239.2

This category includes all matters related to the provision of tax services to the Debtors, including without limitation Internal Revenue Code Section 382 analysis, analysis of potential investment tax credits, analysis of certain tax filing and information reporting requirements for certain non-US subsidiaries of the Debtors, and research and development services related to IRS examination assistance.

C. Benefit Plan Audit

Fees: \$100,000.00 (fixed fee); Total Hours: 713.1

E&Y performed an audit and report on the financial statements and supplemental

⁵ The "Fees" set forth in each of the summaries in this paragraph do not take into account the reduction of the \$11,216.87 of fees that the Fee Committee has disputed.

schedules of the Lehman Brothers Benefit Plan for the year ended December 31, 2010. Fees for this category were billed on a fixed fee basis.

D. Fee/Employment Applications

Fees: \$219,740.00; Total Hours: 762.1

This category includes all matters related to the preparation of the declarations in support of the applications to retain E&Y as a professional in these cases (including running connections checks on the thousands of parties-in-interest in these cases for the purpose of preparing its disclosure affidavits). This category also includes all time spent preparing E&Y's monthly invoices and interim fee applications during these cases.

Legal Standards

8. Section 330(a)(1) of the Bankruptcy Code provides, in relevant part, as follows:

(a) (1) After notice to the parties in interest and the United States Trustee and a hearing, and subject to sections 326, 328, and 329, the court may award to a ... professional person employed under section 327 or 1103 – (A) reasonable compensation for actual, necessary services rendered by the trustee, examiner, ombudsman, professional person, or attorney and by any paraprofessional person employed by any such person; and (B) reimbursement for actual, necessary expenses.

9. Section 330 of the Bankruptcy Code prescribes the general standards for determining the reasonableness of the amount of compensation sought by a professional. Congress enacted section 330 of the Bankruptcy Code to liberalize the practice of granting the allowance of compensation to professionals in bankruptcy cases in order to ensure that professionals be reasonably compensated and that future professionals not be deterred from taking bankruptcy cases due to a failure to pay adequate compensation. *See In re Ames Dep't*

Stores, Inc., 76 F.3d 66, 72 (2d Cir. 1996) (quoting *In re UNR Indus., Inc.*, 986 F.2d 207, 208-09 (7th Cir. 1993)).

10. Section 330(a)(3) of the Bankruptcy Code provides that in determining the amount of reasonable compensation to be awarded to a professional, the court shall consider the nature, the extent and the value of such services, taking into account all relevant factors, including: the time spent on the services; the rates charged for the services; whether the services were necessary or beneficial at the time the services were rendered; whether the services were performed within a reasonable amount of time commensurate with the complexity, importance and nature of the problems, issues or tasks addressed; the skill of the professionals in the bankruptcy field; and the customary compensation charged by comparably skilled practitioners in non-bankruptcy cases. *See* 11 U.S.C. § 330(a)(3). The test for determining necessity is objective; focusing on what services a reasonable professional would have performed under the same circumstances. *In re Angelika Films 57th, Inc.*, 227 B.R. 29, 42 (Bankr. S.D.N.Y. 1998). This test does not rely on hindsight to determine the ultimate success or failure of the professional's actions. *See id.*; *In re Keene Corp.*, 205 B.R. 690, 696 (Bankr. S.D.N.Y. 1997). Ultimately, if the services of a professional are reasonably likely to benefit the debtor's estate, they should be compensable. *See Angelika Films*, 227 B.R. at 42.

11. E&Y respectfully submits that the compensation and expense reimbursements requested in this Application are necessary and reasonable. The professional services that E&Y rendered for the Debtors during the Compensation Period required a high degree of professional competence, and E&Y was required to expend substantial time and effort in providing those services. At all times during the Compensation Period, E&Y performed

efficiently, effectively and economically, and the results obtained have benefited the Debtors, their estates and creditors.

12. By this Application, E&Y seeks compensation at rates that are comparable to those charged by professional services firms of a similar size and expertise. Moreover, E&Y has provided audit and tax services to thousands of clients for decades, and has developed extensive experience in audit and tax issues.

13. To the best of E&Y's knowledge, information and belief formed after reasonable inquiry, this Application complies with section 330 of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Rules for the United States Bankruptcy Court for the Southern District of New York, the Guidelines adopted by the Office of the United States Trustee, and Administrative Order M-389 of the Southern District of New York (except to the extent such compliance has been waived).

WHEREFORE, E&Y respectfully requests that this Court authorize (a) that for the Compensation Period, a final allowance and payment be made to E&Y of \$1,777,338.63 as compensation for necessary professional services rendered plus \$352.00 as reimbursement of actual necessary costs and expenses, and (b) such other and further relief as this Court may deem just and proper.

Dated: July 2, 2012

Respectfully submitted,



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*Auditors and Tax Services Providers
for the Debtors and Debtors-in-Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

| | | |
|--|---|------------------------|
| ----- | X | |
| In re | : | Chapter 11 Case No. |
| | : | |
| LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> , | : | 08-13555 (JMP) |
| | : | |
| Debtors. | : | (Jointly Administered) |
| | : | |
| | : | |
| ----- | X | |

**CERTIFICATION IN SUPPORT OF FINAL
APPLICATION OF ERNST & YOUNG LLP FOR ALLOWANCE
OF COMPENSATION FOR SERVICES RENDERED AND FOR
REIMBURSEMENT OF EXPENSES AS AUDITORS AND TAX SERVICES
PROVIDERS TO THE DEBTORS AND DEBTORS-IN-POSSESSION FOR
THE PERIOD FROM SEPTEMBER 15, 2008 THROUGH MARCH 6, 2012**

I, William Schlich, hereby certify that:

1. I am a partner with the firm of Ernst & Young LLP (“E&Y”), which maintains an office at 5 Times Square, New York, New York.

2. I submit this Certification in support of the final fee application (the “Application”) of E&Y, seeking the entry of an order, pursuant to section 330 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) granting final allowance of compensation for services rendered and expenses incurred as auditors and tax services providers to the above-captioned debtors and debtors-in-possession (the “Debtors”) during the period from September 15, 2008 through and including March 6, 2012, and directing payment of fees and expenses that were not paid or which were previously subject to a holdback.

3. I have read the Application and, to the best of my knowledge, information and belief, formed after reasonable inquiry, (a) the fees and disbursements

sought in the Application comply with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases (General Order M-389) and the United States Trustee's promulgated guidelines (together, the "Guidelines") to the extent compliance has not been waived, (b) except to the extent that fees or disbursements are prohibited by the Guidelines, the fees and disbursements sought are billed at rates and in accordance with practices customarily employed by E&Y and generally accepted by E&Y's clients, (c) in seeking reimbursement of an expense in the Application, E&Y does not make a profit on that expenditure, whether it is performed by E&Y in-house or through a third party, (d) E&Y has provided the U.S. Trustee, the Debtors, the Creditors' Committee and the fee committee with monthly fee statements and/or interim fee applications for the fees and expenses requested in the Application and (e) E&Y has not provided the U.S. Trustee, the Debtors, the fee committee and the Creditors' Committee with a copy of the Application at least fourteen days before the filing deadline for such Application, but I understand that the Debtors' counsel will provide a copy of the Application to such parties at least twenty (20) days before the date set by this Court for a hearing on the Application.

4. As required by section 504 of the Bankruptcy Code, there is no agreement or understanding between E&Y and any other person, other than the partners and employees of E&Y, for the sharing of compensation to be received for services rendered in these chapter 11 cases.

WHEREFORE, I declare that the above is true and correct to the best of
my knowledge, information and belief, formed after reasonable inquiry.

Dated: July 3, 2012


William Schlich